

Introduced by Senator Bowen

February 20, 2002

An act to add Section 80111 to the Water Code, relating to electric power.

LEGISLATIVE COUNSEL'S DIGEST

SB 1519, as introduced, Bowen. Department of Water Resources: power.

(1) Existing law authorizes the Department of Water Resources to enter into contracts for the purchase of electric power, to sell power to retail end use customers and, with certain exceptions, to local publicly owned electric utilities at not more than the department's acquisition costs. Existing law provides that the department retains title to all power sold by it to the retail end use customers. After the passage of a specified period of time, existing law suspends the right of retail end use customers to acquire service from other providers until the department no longer supplies power under these provisions.

This bill would authorize a retail end use customer who purchases power from an electrical corporation to acquire renewable power service, as defined, from an alternate provider if the customer purchases and continues to receive electrical power with a minimum renewable power content of 80% or greater. The bill would require a customer who elects renewable power service from an alternate provider to pay the department's net unavoidable costs of power procurement attributable to that customer's purchases from the department that are uncollected. The bill would authorize the department, in certain circumstances, to impose a fee if a nonresidential retail end use customer previously served by an alternate provider acquires service from an electrical corporation. This fee would be the obligation of the alternate provider

where customers are involuntarily returned to electrical corporation service and alternate providers that are registered with the Public Utilities Commission as electric service providers, would be required to post adequate bonds or purchase insurance to cover the fee. The bill would provide that the right of a retail end use customer who has not purchased power from an electrical corporation, as defined, on or after January 17, 2001, to purchase power from an alternate provider, as defined, may not be limited by the bill. The bill would require the commission to require each customer of an electrical corporation to be notified of the conditions for purchasing power from an alternate provider within 90 days of the effective date of these provisions. Because a violation of an order of the commission is a crime under existing provisions of law, the bill would impose a state-mandated local program by expanding the definition of a crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. It is the intent of the Legislature, in enacting the
2 act adding this section, to establish a policy to govern the
3 circumstances under which retail end use customers may choose
4 to acquire service from energy providers other than the
5 Department of Water Resources. The goal of that policy is to
6 provide retail end use customers the greatest possible flexibility in
7 procuring power while preventing any negative consequences for
8 those customers who continue to be served by the Department of
9 Water Resources. It is further the intent of the Legislature to
10 recognize the genuine contributions of new and renewable sources
11 of electrical generation to affordable, clean, reliable, and
12 sustainable electricity service for all California residents.

13 SEC. 2. Section 80111 is added to the Water Code, to read:

14 80111. (a) As used in this section, the following terms have
15 the following meanings:



(1) “Electrical corporation” means an electrical corporation, as defined in Section 218 of the Public Utilities Code, serving the customers for which the department is procuring power pursuant to this division.

(2) “Alternate provider” means an entity, other than an electrical corporation, supplying electrical power within the service territory of an electrical corporation as the territory existed on January 17, 2001.

(3) “Renewable power” means electrical power produced from geothermal, wind, solar, biomass, or landfill gas sources.

(b) The right of a retail end use customer who has not purchased power from an electrical corporation on or after January 17, 2001, to purchase power from an alternate provider may not be limited by this section.

(c) Notwithstanding Section 80110 and subject to subdivision (d), a retail end use customer who purchases power from an electrical corporation may acquire renewable power service from an alternate provider if the customer purchases and continues to receive electrical power with a minimum renewable energy content of 80 percent or greater.

(d) A customer who elects renewable power service from an alternate provider pursuant to subdivision (c) shall pay to the department any uncollected amounts equivalent to the department’s net unavoidable cost of power procurement, including any financing costs, attributable to that customer’s purchases from the department, as determined by the department. The department’s net unavoidable cost shall be calculated as the difference, if any, between the department’s total actual procurement costs and the rates collected by the department from the customer during the term of service with the department. Any amounts due pursuant to this section for the purchase of power may be payable in installments over a term coincident with the term of bonds issued to finance the purchase of the power. If the customer submits a request to the department for an estimate of the amount due, the department shall provide the estimate to the customer within 30 days of the request.

(e) If a nonresidential retail end use customer previously served by an alternate provider acquires service from an electrical corporation, the department may impose a fee equivalent to any unavoidable costs imposed on the department’s portfolio

1 attributable to the load of that customer, if the fee is necessary to
2 avoid imposing costs on other customers of the electrical
3 corporation, or on the state. In the case of a customer who is
4 involuntarily returned to electrical corporation service by an
5 alternate provider, any such fee shall be the obligation of the
6 alternate provider. As a condition of its registration pursuant to
7 Section 394 of the Public Utilities Code, an alternate provider that
8 is registered as an electric service provider shall post a bond or
9 demonstrate insurance sufficient to cover such a fee.

10 (f) Within 90 days of the effective date of this section, the
11 commission shall require each electrical corporation customer to
12 be notified of conditions for purchasing power from an alternate
13 provider imposed by this section.

14 SEC. 3. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.

